

## INFORMATION REPORT

**CONFIDENTIAL**

CE NO

25X1A

COUNTRY China

DATE DISR 3 NOV 50

SUBJECT Tungsten Situation in South China

NO. OF PAGES 1

PLACE  
ACQUIRED [ ] 25X1ANO. OF ENCLS.  
(LISTED BELOW)260  
919DATE OF  
INFO. [ ] 25X1CSUPPLEMENT TO  
REPORT NO. 25X1X

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1. The tungsten mines in the East River basin at Tsengcheng (113-49, 23-16) and Huiyang (114-26, 23-05), in northern Kwangtung near Shaochow (113-33, 24-50) and Nanshiung (114-17, 25-13), and along the West River are in full use by the Chinese Communists.
2. In the first two weeks of August, tungsten prices in Hong Kong rose from HK \$280 to HK \$450 per picul (about 133lbs.) as a result of the Canton embargo.\*
3. About 2,000 tons of tungsten belonging to the National Resources Commission of the Nationalist Government is still in Hong Kong, but cannot be touched until the litigation over Nationalist assets has been settled.\*\* The Canton authorities would like to ship this entire amount to Canton and thence to the USSR. In order to obtain as much gasoline as possible, however, they instructed their agents in Hong Kong to sell about a thousand tons of the ore and invest the proceeds in petroleum products.

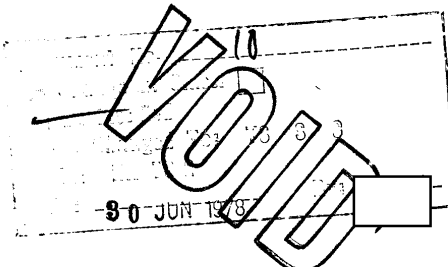
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25X1A [ ] Comment. [ ] the Communist authorities in Canton were planning to restrict Hong Kong-Canton trade, beginning 15 October 1950, to prevent the outflow of strategic supplies.

25X1A \* [ ] Comment. Apparently one of the main reasons for the prohibition of exports from China is to permit the Communists to accumulate tungsten to ship to the USSR in exchange for arms.

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25X1A \*\* [ ] Comment. [ ] only 1,850 tons were in the warehouse on 14 November 1949. However, it is possible that this supply has dwindled since that time because of abstraction.



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This document is hereby regraded to  
CONFIDENTIAL in accordance with the  
letter of 16 October 1978 from the  
Director of Central Intelligence to the  
Archivist of the United States.

Next Review Date: 2055